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Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

SIGNING OF THE NAVAL PETROLEUM RESERVES  
PRODUCTION ACT OF 1976 (H.R. 49)

The President today signed the Naval Petroleum Reserves Production Act of 1976 which:

- . Authorizes production of petroleum from Reserves 1, 2 and 3, located in Elk Hills, California; Buena Vista, California; and Teapot Dome, Wyoming.
- . Transfers Jurisdiction of Reserve Number 4 in Alaska from the Secretary of the Navy to the Secretary of the Interior effective June 1, 1977 and redesignates it as a National Petroleum Reserve.
- . Calls upon the President to submit to Congress a proposed development plan and appropriate legislation to authorize development and production from the Alaskan Reserve.

The President also urged the Congress to pass the 17 major energy proposals which are still awaiting action.

BACKGROUND

- . Legislation authorizing production from the Naval Petroleum Reserves was one of thirteen proposals submitted to the Congress by the President in January 1975 as a part of his Energy Independence Act.
- . During the past year, the President has proposed additional energy legislation, including bills concerned with uranium enrichment, financing energy facilities, energy resource development impact assistance and Alaskan natural gas. (Eighteen proposals awaiting action were identified in the President's February 26, 1976, Energy Message.)
- . Four of the original thirteen proposals were included in the Energy Policy and Conservation Act which the President signed on December 22, 1975. The Naval Petroleum Reserve legislation is the fifth proposal now in law.

PRINCIPAL PROVISIONS OF THE NEW ACT

The principal provisions of the Naval Petroleum Reserves Production Act are outlined below. Under the previous law, all of the NPR's were under the jurisdiction of the Secretary of the Navy and were held in reserve for use only in times of national emergency.

- . National Petroleum Reserve in Alaska
  - NPR-4 is redesignated as a "national" petroleum reserve and is transferred effective June 1, 1977, to the Secretary of the Interior who shall assume all administrative responsibilities formerly held by the Secretary of the Navy.

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- Interior shall continue Navy's exploration activities and report annually to the Congress on further exploration plans.
- The President is called upon to submit to the Congress no later than January 1, 1980, a plan for the development of the Alaskan Reserve, appropriate legislation, and economic and environmental impact assessments. Development plans are to be prepared in consultation with the State of Alaska and appropriate Federal agencies.
- . Naval Petroleum Reserves 1, 2 and 3.
  - The Secretary of the Navy is directed to begin producing within 90 days NPR's 1, 2 and 3 at their maximum efficient rate consistent with sound engineering practices for a period of 6 years.
  - Production can be continued for additional increments of 3 years if the President certifies that such production is in the national interest and neither House of Congress disapproves the action within 90 days.
  - The Secretary of the Navy is directed to provide storage and transportation facilities for NPR-1, within three years of enactment, to accommodate production of not less than 350,000 barrels of oil per day.
  - Sales of the U.S. share of oil (about 80%) shall be made at public auction to the highest bidder for periods not to exceed one year. Up to 25% is set aside for sale to small refiners at prevailing market prices.
  - The Secretary of the Navy must consult with the Attorney General on matters which may affect competition and may not sign a contract inconsistent with anti-trust laws.
  - The President may direct all or part of the U.S. share to be placed in the Strategic Petroleum Reserve directly or through exchange agreements. The Strategic Reserve was authorized by the Energy Policy and Conservation Act (December 22, 1975).
  - Proceeds from the sale of NPR production shall be credited to a Naval Petroleum Reserve Special Account which, subject to the appropriations process, shall be made available for:
    - . Exploration, development and production of NPR's 1, 2 and 3, and for exploration and study in regard to the National Petroleum Reserve in Alaska.
    - . Facilities incident to production and delivery of petroleum.
    - . Petroleum and facilities for the Strategic Petroleum Reserve.

#### IMPACT OF THE BILL

- . NPR-1 at Elk Hills has proven resources of approximately 1.25 billion barrels of oil -- one of the largest petroleum fields in the U.S. Fully developed, it could produce oil at the rate of 200,000 to 300,000 barrels per day. Current

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production is about 2,000 to 3,000 barrels a day, principally from production to offset private production in adjoining fields and for testing and maintenance purposes.

- . NPR-2 at Buena Vista is currently in full production, allowing a U.S. share of about 600 barrels per day.
- . NPR-3 at Teapot Dome has reserves of 42.5 million barrels and could produce at the rate of 21,000 barrels per day.
- . NPR-4 in Alaska has only 100 million barrels of proven reserves, but estimates of potential reserves run as high as 30 billion barrels.

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